

STATEMENT OF CONSIDERATIONS

REQUEST BY CURTISS-WRIGHT ELECTRO-MECHANICAL CORPORATION, INC., FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC26-02NT41643; W(A)-04-006, CH-1177

The Petitioner, Curtiss-Wright Electro-Mechanical Corporation, (CW-EMC) was awarded this cooperative agreement for the performance of work entitled, "IEMDC In-Line Electric Motor Driven Compressor. The purpose of the cooperative agreement is to design an electric motor-driven compressor, in which the high-speed motor will be directly coupled to the compressor (no gears) and the motor/compressor system will be totally enclosed within the pipeline. The cooperative agreement was awarded to Dresser-Rand. CW-EMC is a subcontractor to Dresser-Rand. CW-EMC's scope of work is the design of the high speed motor.

The total estimated cost of the cooperative agreement is \$1,740,019, with the DOE share being \$937,054, or 53.8%, while the remaining cost share of 46.2%, or \$802,965, will be provided by CW-EMC. Of this cost share, CW-EMC is contributing \$378,677 or 21.7%. The remaining cost share of \$424,288 or 24.4% is being borne by the prime contractor Dresser-Rand¹. The period of performance is from January 1, 2003 through June 30, 2004

In its response to questions 4 and 5 of the attached waiver petition, CW-EMC has described its technical competence in the field of high speed motors. CW-EMC has been a supplier of critical function, special application generators and motors for commercial and U.S. Navy applications since 1952. Current CW-EMC products include the most advanced electrical rotating machinery in the U.S. Navy fleet (Virginia-class Ship Service Generators) and the largest electrical rotating machinery in the fleet (CVN-class Aircraft Carrier Ship Service Generators). CW-EMC has a proven track record in large, advanced function motors and generators. Overall, 30% of its sales are to international commercial customers, and 70% come from Government and Navy contracts. CW-EMC currently provides high-speed rotating electrical machinery to the U.S. Navy which is designed for even more demanding service than the requirements of this cooperative agreement. CW-EMC also supplies advanced motors rated up to 12,000hp to the international commercial market, including Europe, Asia, and South America. One of the most recent CW-international commercialization programs was the design and manufacture of a 1700 hp motor for driving subsea pumps used in offshore oil production. The first of these motors is currently undergoing qualification testing at a land-based test facility in Brazil, and will then be deployed on the floor of the Atlantic Ocean off the coast of Brazil, 2000 feet below the ocean surface. CW-EMC's response demonstrates its technical competency in the field of electric motor-driven compressors.

In its response to questions 8 and 9 of the attached waiver petition, CW-EMC states that ownership of any patents granted under this waiver request will provide CW-EMC with the incentive to commercialize any resulting products. In addition, CW-EMC states the effect on competition will be to strengthen a U.S. supplier in its competition with European competitors, and to support the development of a U.S. manufactured product for an international market. Thus grant of the waiver will have a positive effect on competition and market concentration.

¹ Subsequent to the submittal of this waiver petition, the scope of work for the cooperative agreement was increased, along with the estimated costs. Thus, these costs differ from what is stated in the waiver petition. An e-mail from the DOE Contracting Officer to the DOE Patent Counsel is attached showing the updated costs.

The subject cooperative agreement will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein CW-EMC has agreed to the provisions of 35 U.S.C §§ 202, 203, and 204. This waiver clause will also include a paragraph entitled U.S. Competitiveness, in which CW-EMC agrees to substantial U. S. manufacture of subject inventions (attached hereto). Additionally, CW-EMC agrees not to transfer subject inventions to any other entity unless that other entity agrees to these same requirements. The petitioner has further agreed to modification of the data clause of the subject cooperative agreement (48 C.F.R. 952.227-14) by adding paragraph (k), Alternative VI, concerning contractor licensing of data

Considering the foregoing, it is believed that granting the waiver will provide the Petitioner with the necessary incentive to invest resources in the commercialization of the results of the agreement in a fashion which will make the agreement's benefits available to the public in the shortest practicable time. In addition, it would appear that grant of the above requested waiver would not result in an adverse effect on competition nor result in excessive market concentration. Therefore, in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.

[REDACTED]
Mark P. Dvorscak
Assistant Chief Counsel
Intellectual Property Law Division

Date: March 4, 2004

Based on the foregoing Statement of Considerations and the representations in the attached waiver petition, it is determined that the United States and the general public will best be served by a waiver of rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this agreement, where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

CONCURRENCE:

[REDACTED]
Christopher Freitas, FLE-32 *Guido DeHortatis*
~~Deputy Assistant Secretary~~ *Director, oil & Gas R&D*
Office of Natural Gas and Petroleum

APPROVAL:

[REDACTED]
Paul A. Gottlieb
Assistant General Counsel
for Technology Transfer and
Intellectual Property

Date: 3/31/05

Date: 4-6-05

(t) U. S. COMPETITIVENESS The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless the Contractor can show to the satisfaction of the DOE that it is not commercially feasible to do so. In the event the DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Contractor or other such entity receiving rights in the invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by the DOE.